



**CENTRAL NASSAU GUIDANCE AND  
COUNSELING SERVICES, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

---

	<b><u>PAGE(S)</u></b>
Consolidated Financial Statements:	
Independent Auditor's Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-20



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Central Nassau Guidance and Counseling  
Services, Inc. and Subsidiary:

### ***Report on the Consolidated Financial Statements***

We have audited the accompanying consolidated financial statements of Central Nassau Guidance and Counseling Services, Inc. and Subsidiary (collectively, the "Agency", a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of the Subsidiary were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Subsidiary.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

# NawrockiSmith

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Nassau Guidance and Counseling Services, Inc. and Subsidiary as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2021, on our consideration of the Central Nassau Guidance and Counseling Services, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central Nassau Guidance and Counseling Services, Inc. and Subsidiary's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Nassau Guidance and Counseling Services, Inc. and Subsidiary's internal control over financial reporting and compliance.

May 12, 2021  
Melville, New York



**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	2020	2019
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 8,651,048	\$ 5,320,603
Investments	74,973	69,412
Government contracts receivable	3,033,150	2,374,217
Program service fees receivable, net of allowance for doubtful accounts of \$869,984 and \$693,650, respectively	3,349,127	3,012,676
Prepaid expenses	98,987	119,345
Total current assets	15,207,285	10,896,253
<b>NON-CURRENT ASSETS:</b>		
Fixed assets, net of accumulated depreciation and amortization of \$7,376,935 and \$6,677,752, respectively	7,877,898	7,980,998
Investment in Recovery Health Solutions IPA, LLC	17,000	17,000
Security deposits	147,811	129,902
Restricted cash - capital reserve	160,311	155,280
Total non-current assets	8,203,020	8,283,180
Total assets	\$ 23,410,305	\$ 19,179,433
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 487,214	\$ 572,152
Government agency payables	1,174,088	1,349,590
Accrued expenses	1,707,060	1,106,266
Deferred rent payable	125,714	126,152
Unearned revenue	1,912,111	1,710,317
Deferred income - Paycheck Protection Program	3,696,595	-
Current portion of long-term debt	109,302	168,392
Total current liabilities	9,212,084	5,032,869
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt, net of deferred issuance costs of \$69,773 and \$78,101, respectively	935,451	1,036,425
Due to governments	1,630,223	1,705,872
Total liabilities	11,777,758	7,775,166
<b>NET ASSETS:</b>		
Without donor restriction:		
Undesignated	11,472,236	11,248,987
With donor restriction:		
Purpose restricted	160,311	155,280
Total net assets	11,632,547	11,404,267
Total liabilities and net assets	\$ 23,410,305	\$ 19,179,433

The accompanying notes to consolidated financial statements  
are an integral part of these statements.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES:						
Program service fees	\$ 17,566,356	\$ -	\$ 17,566,356	\$ 16,884,676	\$ -	\$ 16,884,676
Grants from governmental and other agencies	13,045,432	-	13,045,432	12,225,943	-	12,225,943
Rental	476,340	-	476,340	508,545	-	508,545
Contributions	58,993	-	58,993	33,619	-	33,619
Special events	113,575	-	113,575	199,962	-	199,962
United Way	10,313	-	10,313	11,050	-	11,050
Other	397,274	-	397,274	281,187	-	281,187
Investment earnings, net	45,642	5,031	50,673	46,659	7,542	54,201
Total revenues	31,713,925	5,031	31,718,956	30,191,641	7,542	30,199,183
EXPENSES:						
Program services	28,104,966	-	28,104,966	26,462,087	-	26,462,087
Management and general	3,337,277	-	3,337,277	3,011,284	-	3,011,284
Fundraising	48,433	-	48,433	112,461	-	112,461
Facilities management	-	-	-	96,304	-	96,304
Total expenses	31,490,676	-	31,490,676	29,682,136	-	29,682,136
CHANGE IN NET ASSETS	223,249	5,031	228,280	509,505	7,542	517,047
NET ASSETS, BEGINNING OF YEAR	11,248,987	155,280	11,404,267	10,739,482	147,738	10,887,220
NET ASSETS, END OF YEAR	\$ 11,472,236	\$ 160,311	\$ 11,632,547	\$ 11,248,987	\$ 155,280	\$ 11,404,267

The accompanying notes to consolidated financial statements  
are an integral part of these statements.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020											2019			
	Program Services										Support Services				
	Community Residence	Drop-In Center/Starry Night Café	Health Home Care Management	ACT/FACT Teams	SAMHSA Integrated Care	CCBHC	Services to Deaf Mentally Ill	OFA Project Forward	PROS	Other	Total	Management and General	Fundraising	Facilities Management	Total
Contracted personnel services	\$ 3,927,982	\$ 121,095	\$ 2,075,671	\$ 1,407,221	\$ 113,001	\$ 6,964,953	\$ -	\$ 367,407	\$ 945,984	\$ 1,243,802	\$ 17,167,116	\$ 2,287,751	\$ 30,201	\$ 2,317,952	\$ 19,485,068
Payroll taxes and benefits	728,837	21,770	455,777	192,364	23,987	964,627	-	70,081	199,333	224,844	2,881,620	334,888	3,255	338,143	3,219,763
Rent	2,546,587	8,333	85,845	47,660	3,435	31,483	-	8,390	222,817	23,699	2,978,249	-	-	-	2,978,249
Repairs and maintenance	406,193	25,149	115,431	33,844	3,878	161,642	-	11,217	59,713	101,741	918,808	69,936	1,283	71,219	990,027
Supplies, medical testing and activities	337,094	26,037	88,345	63,586	1,541	129,967	-	26,446	29,598	82,832	785,446	20,521	3,841	24,362	809,808
Depreciation	345,769	26,924	51,819	28,156	4,086	164,892	-	4,119	21,851	9,630	657,246	40,805	1,132	41,937	699,183
Consultants	-	-	585	249	17,655	71,870	7,622	88,157	-	353,855	539,993	134,877	-	134,877	674,870
Miscellaneous	49,095	12,306	10,711	7,574	492	25,769	-	5,521	8,238	439,133	558,839	76,248	2,631	78,879	637,718
Utilities	301,666	17,155	19,314	9,777	1,848	105,744	-	2,816	42,037	7,023	507,380	44,228	1,339	45,567	552,947
Dues and subscriptions	18,332	1,060	83,887	5,595	480	113,508	-	26	2,993	28,501	254,382	32,227	3,615	35,842	290,224
Insurance	69,670	7,690	42,703	27,060	754	33,586	-	3,077	7,615	9,148	201,303	38,840	289	39,129	240,432
Professional fees	103	-	40	5,220	-	5,319	-	-	-	5,250	15,932	172,310	25	172,335	188,267
Bad debt	176,336	-	-	-	-	-	-	-	-	-	176,336	-	-	-	176,336
Telephone	30,271	145	36,901	14,238	1,513	25,858	-	7,367	5,115	16,484	137,892	8,866	23	8,889	146,781
Interest and financing	72,638	-	1,664	3,487	85	13,419	-	2,827	9,995	104,115	22,484	-	-	22,484	126,599
Staff training	3,700	117	7,664	3,081	8,986	70,686	-	333	2,090	11,073	107,730	18,447	81	18,528	126,258
Transportation	37,289	395	11,115	9,231	254	6,724	-	2,387	118	2,313	69,626	9,755	600	10,355	80,181
Postage	3,757	132	1,632	631	-	7,223	-	78	1,736	745	15,934	6,165	-	6,165	22,099
Data processing	-	-	-	-	36	19,072	-	-	-	23	19,131	2,735	118	2,853	21,984
Moving and storage	3,825	-	-	-	-	-	-	1,760	-	-	5,585	13,593	-	13,593	19,178
Printing and publications	235	-	37	-	-	1,494	-	10	20	307	2,103	2,601	-	2,601	4,704
<b>Total expenses</b>	<b>\$ 9,059,379</b>	<b>\$ 268,308</b>	<b>\$ 3,089,141</b>	<b>\$ 1,858,974</b>	<b>\$ 182,031</b>	<b>\$ 8,917,836</b>	<b>\$ 7,622</b>	<b>\$ 602,019</b>	<b>\$ 1,559,253</b>	<b>\$ 2,560,403</b>	<b>\$ 28,104,966</b>	<b>\$ 3,337,277</b>	<b>\$ 48,433</b>	<b>\$ 3,385,710</b>	<b>\$ 31,490,676</b>

	2019											2018				
	Program Services										Support Services					
	Community Residence	Drop-In Center/Starry Night Café	Health Home Care Management	ACT/FACT Teams	SAMHSA Integrated Care	CCBHC	Services to Deaf Mentally Ill	OFA Project Forward	PROS	Other	Total	Management and General	Fundraising	Facilities Management	Total	Total
Contracted personnel services	\$ 3,483,093	\$ 141,560	\$ 2,239,293	\$ 1,172,152	\$ 175,953	\$ 6,326,452	\$ -	\$ 376,171	\$ 992,298	\$ 601,141	\$ 15,508,113	\$ 1,912,251	\$ 34,900	\$ 79,971	\$ 2,027,122	\$ 17,535,235
Payroll taxes and benefits	807,524	22,867	598,547	202,622	37,114	1,043,972	-	71,470	244,902	116,808	3,145,826	358,975	8,368	15,276	382,619	3,528,445
Rent	2,686,076	21,800	89,555	48,039	5,672	29,718	-	18,918	194,501	16,413	3,110,692	3,920	-	3,920	3,114,612	
Repairs and maintenance	386,837	27,463	98,917	25,734	13,190	222,444	-	13,195	50,391	4,295	842,466	65,117	2,433	576	68,126	910,592
Supplies, medical testing and activities	343,070	13,356	96,941	63,454	18,114	42,788	-	96,748	53,281	40,875	768,627	58,791	54,147	-	112,938	881,565
Depreciation	343,316	17,387	50,357	48,821	5,737	140,653	-	2,802	20,652	8,407	638,132	46,615	2,132	-	48,747	686,879
Consultants	3,041	471	9,016	5,850	91,277	102,676	21,154	138,813	4,033	179,874	556,205	69,930	14	69,944	626,149	
Utilities	304,248	15,905	23,502	11,923	2,971	105,835	-	6,285	36,079	4,174	510,922	45,282	2,364	-	47,646	558,568
Miscellaneous	17,386	(469)	14,151	10,308	7,468	112,106	-	92,828	10,217	51,605	315,600	36,775	2,250	-	39,025	354,625
Insurance	84,512	7,596	39,233	26,682	968	51,390	-	2,365	6,828	3,023	222,597	42,425	1,066	-	43,491	266,088
Professional fees	11,797	-	-	150	13,443	-	-	-	-	-	25,390	230,308	-	-	230,308	255,698
Dues and subscriptions	20,847	787	119,046	18,475	605	35,194	-	1,584	3,128	2,162	201,828	32,548	1,701	2	34,251	236,079
Transportation	68,269	2,418	43,023	23,006	941	29,104	-	24,874	1,177	8,807	201,619	12,528	999	478	14,005	215,624
Interest and financing	84,165	-	3,164	3,020	139	10,337	-	3,329	13,323	-	117,477	24,333	-	-	24,333	141,810
Staff training	10,106	-	12,015	11,167	41,366	6,618	-	3,731	6,202	2,938	94,143	37,149	1,582	-	38,731	132,874
Telephone	28,213	329	33,538	15,474	1,074	23,640	-	7,836	4,543	10,882	125,529	6,154	12	-	6,166	131,695
Moving and storage	14,239	-	2,724	-	-	-	-	30	-	-	16,993	13,458	-	-	13,458	30,451
Data processing	-	-	-	-	-	19,551	-	392	4	497	20,444	3,226	219	-	3,445	23,889
Postage	3,755	108	1,695	666	97	5,120	-	248	1,554	87	13,330	5,360	274	1	5,635	18,965
Printing and publications	261	-	-	-	777	7,298	-	79	69	1,992	10,476	6,139	-	-	6,139	16,615
Bad debt	(22,812)	-	71,656	(795)	-	(41,627)	-	-	8,682	574	15,678	-	-	-	-	15,678
<b>Total expenses</b>	<b>\$ 8,677,943</b>	<b>\$ 271,578</b>	<b>\$ 3,546,373</b>	<b>\$ 1,686,598</b>	<b>\$ 403,613</b>	<b>\$ 8,286,712</b>	<b>\$ 21,154</b>	<b>\$ 861,698</b>	<b>\$ 1,651,864</b>	<b>\$ 1,054,554</b>	<b>\$ 26,462,087</b>	<b>\$ 3,011,284</b>	<b>\$ 112,461</b>	<b>\$ 96,304</b>	<b>\$ 3,220,049</b>	<b>\$ 29,682,136</b>

The accompanying notes to consolidated financial statements are an integral part of these statements.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 228,280	\$ 517,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	699,183	686,879
Decrease in unamortized mortgage costs	647	2,347
Decrease in unamortized bond costs	7,681	7,681
Provision for bad debt	4,704	15,678
Unrealized gain on investments	(4,507)	(2,871)
Increase in government contracts receivable	(658,933)	(559,616)
Increase in program service fees receivable	(341,155)	(254,545)
Decrease (increase) in prepaid expenses	20,358	(13,208)
(Increase) decrease in security deposits	(17,909)	28,243
Decrease in trade payables	(84,938)	(206,256)
Decrease in government agency payables	(175,502)	(294,052)
Increase (decrease) in accrued expenses	600,794	(127,100)
Increase (decrease) in deferred rent payable	(438)	7,242
Increase in unearned revenue	201,794	498,607
Increase in deferred income - Paycheck Protection Program	3,696,595	-
Decrease in due to governments	(75,649)	(260,711)
Net cash provided by operating activities	4,101,005	45,365
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Earnings reinvested	(1,054)	(797)
Purchase of investments	-	(17,265)
Purchase of fixed assets	(596,083)	(206,094)
Net cash used by investing activities	(597,137)	(224,156)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	(168,392)	(192,258)
Net cash used by financing activities	(168,392)	(192,258)
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	3,335,476	(371,049)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR</b>	5,475,883	5,846,932
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR</b>	\$ 8,811,359	\$ 5,475,883
<b>SUPPLEMENTAL INFORMATION:</b>		
Cash paid for interest	\$ 63,355	\$ 71,873
<b>COMPONENTS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH ON THE STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents	\$ 8,651,048	\$ 5,320,603
Restricted cash	160,311	155,280
<b>TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>\$ 8,811,359</b>	<b>\$ 5,475,883</b>

The accompanying notes to consolidated financial statements  
are an integral part of these statements.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**(1) Background and organization**

Central Nassau Guidance and Counseling Services, Inc. is a not-for-profit corporation which was founded and incorporated under the laws of the State of New York in 1972. Central Nassau Guidance and Counseling Services, Inc. and CNGCS Development Corporation, a wholly owned subsidiary (collectively, the "Agency") are New York State not-for-profit corporations serving Nassau and Suffolk Counties. The mission of Central Nassau Guidance and Counseling Services, Inc. is to provide clinical treatment, rehabilitation, housing opportunities, social and support services, counseling and guidance to individuals, families and the community affected by mental illness, developmental disabilities, psychological difficulties, addiction and/or dependency problems.

CNGCS Development Corporation is a not-for-profit corporation which was founded and incorporated under the laws of the State of New York in 1997. CNGCS Development Corporation serves as a title holding corporation that helps provide housing opportunities for those affected by mental illness, psychological difficulties, addiction and dependency problems for Central Nassau Guidance and Counseling Services, Inc.

**(2) Summary of significant accounting policies:**

The accompanying consolidated financial statements include the assets, liabilities, revenues and expenses of the Agency and eliminate all intercompany accounts and transactions which totaled \$280,561 and \$122,168 for the years ended December 31, 2020 and 2019, respectively. The following is a summary of significant accounting policies followed by the Agency:

Financial statement presentation -

The accompanying consolidated financial statements are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles which require the consolidated financial statements to distinguish between those with and without donor restricted net assets and changes in net assets. The Agency's net assets consist of the following:

Without donor restrictions - net assets of the Agency which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Agency.

With donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Functional expenses -

The Consolidated Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Agency. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: salaries, employee benefits, payroll taxes, rent and client assistance which are allocated on the basis of estimates of time and effort. Depreciation and building rent are allocated on basis of square footage and use, and all other expenses are allocated based on a systematic and rational basis. The major program services provided by the Agency are summarized as follows:

Social Entrepreneurial Leadership: The Starry Night Cafe is a consumer operated affirmative business that specializes in catering to creative talents of persons with disabilities. The program provides structure and supervised activities in a safe, stimulating, and supportive environment. The Starry Night Café offers numerous opportunities for people to use their talent, social skills, and creativity. The program provides staff members an opportunity to train and work in a competitive employment setting by operating various functions of the café.

Integrated Counseling and Recovery Services (ICRS): The Agency's Certified Community Behavioral Health Clinic (CCBHC) provides outpatient mental health, co-occurring and substance use disorder treatment and physical health services. Licensed by NYS Office of Mental Health and NYS Office of Addiction Services and Supports, CCBHC services are provided to adults, adolescents, children and families and include: Same day access, psychosocial assessments, individual and group psychotherapy, psychiatric evaluations and medication management, outpatient detoxification and medication assisted treatment, 24/7 mobile crisis team, care transition services in the home and community, on-site primary care services, targeted case management, peer support, counseling and family support services, psychiatric rehabilitation services, intensive community-based mental health care for veterans and members of armed services, and mobile intervention services. The Mobile Recovery Unit provides mobile and telehealth treatment services for substance use and co-occurring disorders including medication assisted treatment and peer services.

Assertive Community Treatment ("ACT") Team: For individuals diagnosed with serious mental illness characterized by multiple psychiatric hospitalizations and/or emergency rooms, involvement with criminal justice system and alcohol/substance abuse, the Agency provides a full range of treatment, rehabilitation, and support service options led by the ACT team.

Personal Recovery-Oriented Services ("PROS"): The Roads to Recovery program, is a structured, recovery-oriented program that offers services to adults. The program assists members in managing their behavioral health and develop the skills necessary to improve their overall functioning. Treatment will include therapeutic and skill-building groups, individual support, and clinical services.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Health Home Care Management (“HHCM”): The Agency provides comprehensive care management services for clients who have heavily complex medical, behavioral, and long-term care needs. The Agency ensures high-quality service while reducing avoidable health care costs, specifically preventable hospital admissions/readmissions and avoidable emergency room visits.

Residential Services: The Agency’s residential programs provide a safe and supportive environment allowing our residents to grow and achieve their fullest potential. The Agency provides 24- hour supervised, transitional and permanent housing opportunities for at-risk single adults and families impacted by mental health and/or substance use disorders. In addition, the crisis respite program offers a short-term stay 24-hour staffed setting to those in immediate need from their current housing situation.

Drop-In Services: The Drop-In Center provides a safe, structured, nurturing environment for people diagnosed with serious mental illnesses and other psychiatric disabilities. This center provides its participants with a structured program four times per week, designed to offer these clients the opportunity to meet others, participate in recreational activities, learn computer skills, become knowledgeable of other resources in the community and have a meal. The work of the Drop-In Center is geared toward enabling the participants to enhance their interpersonal relationships, increase their opportunities for socialization, and create stability and independence within their personal lives.

Fundraising expenses -

The proceeds from the Agency’s special events are reflected in the Consolidated Statements of Activities. Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of approximately equal value.

The costs of the direct benefits to the donors attending special events and the indirect costs, including labor and other overhead expenses, associated with the Agency’s fundraising activities are included as fundraising expenses in both the Consolidated Statements of Activities and the Consolidated Statements of Functional Expenses.

Revenue recognition -

The following are the significant revenue recognition accounting policies of the Agency:

Contracts: Revenue under contracts are recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as unearned revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Agency will record such disallowance at the time the final assessment is made.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Grants and contributions: Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restriction. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Third party reimbursements: Third party reimbursements are reported at an amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing housing to eligible families. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

Fundraising revenue: The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Deferred rent -

For accounting purposes, the total rent payable over the life of the lease, which escalates over time, is recognized on the straight-line basis. Actual rent payments differ from these reported amounts; actual rent paid is less than reported amounts in the early years of the lease and exceeds the reported amounts in the later years. Deferred rent reflects the difference between the straight-line calculation reported and the actual rent expense paid.

Contributed services -

A number of volunteers have donated significant amounts of their time in the Agency's program services and fundraising campaigns. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying consolidated financial statements.

Cash and cash equivalents -

All highly liquid financial instruments with an original maturity of three months or less, other than those held as part of the investment portfolio or restricted cash, are considered to be cash equivalents for financial statement purposes.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Restricted cash -

Capital reserve: The New York State Office of Mental Health (“OMH”) requires the Agency to reserve, from its funding, an amount annually equal to 0.6% of the acquisition cost for each property that the Agency owns and uses to run a residency program; up to 10% of the acquisition cost. Expenditures from this account are restricted to repairs and maintenance on the respective facilities and require approval by OMH before disbursement.

Government contracts and program service fees receivables -

Accounts receivable are comprised of Federal, State, county grants and contracts, as well as Medicaid and Medicare expected to be received within the upcoming year. As of December 31, 2020 and 2019, the Agency has reserved a balance for potential uncollectible accounts amounting to \$869,984 and \$693,650, respectively. Such estimate is based on management’s experience, the aging of receivables, subsequent receipts and current economic conditions.

Investments -

Investments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Agency follows U.S. generally accepted accounting principles regarding fair value measurements which establish a fair value hierarchy requiring an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Investment income is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification.

Liquidity considerations -

Quantitative

As of December 31, 2020, the Agency has \$15,108,298 of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Consolidated Statement of Financial Position date, as noted in the current assets section. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within one year of the Consolidated Statement of Financial Position date.

Qualitative

As of December 31, 2020, the Agency has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 2 months of normal operating expenses, which are, on average, approximately \$5.2 million.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Fixed assets -

Fixed assets are capitalized at cost or, if donated, at fair market value as of the date of receipt. Maintenance and repairs are expensed as incurred. The carrying amounts of fixed assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of, and any resulting gain or loss is recorded in the consolidated statement of activities and changes in net assets. The Agency capitalizes expenditures over \$3,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	40 years
Building improvements	15-30 years
Leasehold improvements	20 years or the life of the lease, whichever is less
Furniture, fixtures and equipment	5-7 years
Transportation equipment	5 years

Certain property and equipment assets acquired through contracts may revert upon termination of the contract to the contracting governmental Agency at the end of the contract period.

Government Agency payables -

The Agency owes money back to various government agencies as a result of overpayments from contracts due from services, treatments or programs.

Impairment of long-lived assets and long-lived assets to be disposed of -

The Agency follows the provision of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification on accounting for the impairment and disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These principles did not have any impact on the Agency's consolidated financial position, results of activities or liquidity during the years ended December 31, 2020 and 2019.

Conditional asset retirement obligations -

The FASB Accounting Standards Codification on asset retirement and environmental obligations requires the Agency to recognize the fair value of its legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2020 and 2019, the Agency has met the provisions of and is in compliance with these requirements.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Vacation accrual policy -

Employees may be paid unused vacation pay up to their termination date, plus up to the maximum of ten days which might have been accrued from the previous year, provided that the employee has complied with notice of resignation requirements. An exception may be made for an employee to accrue more than ten days to the following year with the approval of the Chief Executive Officer.

Income taxes -

Central Nassau Guidance and Counseling Services, Inc. qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. The subsidiary, CNGCS Development Corporation, qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(2) of the Internal Revenue Code and applicable New York State tax laws as a holding corporation. Accordingly, no provision for Federal or State income taxes is required.

Uncertainty in income taxes -

The Agency has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements. Periods ending December 31, 2017 and subsequent remain subject to examination by the applicable taxing authorities.

The use of estimates in the preparation of consolidated financial statements -

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

Reclassifications -

Certain reclassifications of prior year balances on the Consolidated Statements of Cash Flows have been made to conform to the current year presentation. These reclassifications had no effect on the increase in net assets for the year ended December 31, 2019.

**(3) Fair value measurements:**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Agency has adopted the standard for their financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10).

*Fair Value Measurement* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

- Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Agency in addressing the fair value of financial instruments.

Common stock -

Common stock are securities that represent equity ownership that also comes with voting rights in a company or organization.

Short-term investments -

Short-term investments held by the Agency consist of certificates of deposit. These investments consist of funds with and without donor restrictions and do not include any government grant or contract funds. The carrying amounts reported on the Statements of Financial Position approximate those assets' fair values.

Investment in LLC -

Investments held by the Agency consist of an investment in a limited liability corporation. The carrying amount reported is valued according to the valuation policy of the partnership, subject to prevailing accounting and other regulatory guidelines. The Agency has no ability to influence the operating or financial policies.

The following table represents the Agency's fair value hierarchy for investments as of December 31, 2020:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 26,372	\$ 26,372	\$ -	\$ -
Certificates of deposit	48,601	48,601	-	-
Investment in LLC	17,000	-	-	17,000
	<u>\$ 91,973</u>	<u>\$ 74,973</u>	<u>\$ -</u>	<u>\$ 17,000</u>

The following table represents the Agency's fair value hierarchy for investments as of December 31, 2019:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 21,570	\$ 21,570	\$ -	\$ -
Certificates of deposit	47,842	47,842	-	-
Investment in LLC	17,000	-	-	17,000
	<u>\$ 86,412</u>	<u>\$ 69,412</u>	<u>\$ -</u>	<u>\$ 17,000</u>

As of December 31, 2020 and 2019, the Agency did not possess any level 2 type of investments.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**(4) Investments**

Investments as of December 31, 2020 and 2019 are as follows:

	2020		2019	
	Cost	Market Value	Cost	Market Value
Common stock	\$ 13,344	\$ 26,372	\$ 13,344	\$ 21,570
Certificates of deposit	40,000	48,601	40,000	47,842
	<u>\$ 53,344</u>	<u>\$ 74,973</u>	<u>\$ 53,344</u>	<u>\$ 69,412</u>

**(5) Fixed assets**

Fixed assets as of December 31, 2020 and 2019 are comprised of the following:

	2020	2019
Land	\$ 495,801	\$ 495,801
Construction-in-progress	399,997	1,918
Buildings improvements	11,755,624	11,699,939
Furniture, fixtures and equipment	1,634,210	1,532,783
Transportation equipment	969,201	928,309
	15,254,833	14,658,750
Less: accumulated depreciation	<u>7,376,935</u>	<u>6,677,752</u>
	<u>\$ 7,877,898</u>	<u>\$ 7,980,998</u>

**(6) Line of credit**

The Agency had a \$5,000,000 revolving line of credit with a M&T bank for general operations which was amended on February 28, 2020 for additional borrowings of up to \$8,000,000. Borrowings under this line were secured by essentially all of the Agency's assets. The interest rate on the line provided for certain minimum and maximum rate limitations. Interest on outstanding amounts under this agreement are at the prime rate (4.75% as of December 31, 2020). There were no borrowings on this line of credit.

**(7) Long-term debt:**

Mortgages payable

The mortgage held by the Dormitory Authority of the State of New York ("DASNY"), dated April 1997, in the amount of \$279,000, was payable over a 24 year period at an interest rate of 7.74%. This loan was payable in annual installments of principal and interest in the amount of \$23,900 through December 1, 2020. The funding for which was included in the Agency's contract with the New York State Office of Mental Health ("OMH"). The mortgage was secured by the premises and contents. As of December 31, 2020 and 2019, the balance of the mortgage payable was \$0 and \$22,196, respectively.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

The mortgage held by the DASNY, dated March 2005 in the amount of \$528,000, was assumed by the Agency in January 2008 and had a balance of \$445,841. The mortgage was payable in annual installments of principal and interest of \$41,070 over a period of 15 years at an interest rate of 2.76% through December 1, 2020. The funding for which was included in the Agency's contract with OMH. The mortgage was secured by the premises. As of December 31, 2020 and 2019, the balance of the mortgage payable was \$0 and \$40,232, respectively.

The Agency issued a new mortgage to refund its outstanding tax-exempt Series 2000 A-F Civic Facility Revenue Bond (the "Bond") in January 2015 in the amount of \$2,370,000. The original proceeds of the Bond were used to purchase and renovate several properties owned by the Agency. The mortgage is payable over a 15 year period and bears interest at a rate of 4.50%, and is payable in monthly installments of principal and interest in the amount of \$12,307 through February 1, 2030. As of December 31, 2020 and 2019, the balance of the mortgage payable was \$1,034,805 and \$1,121,262, respectively (net of debt issuance costs of \$69,773 and \$78,101, respectively).

Vehicle loans

The Agency capitalized vehicles under various vehicle loan agreements with maturities dated through 2022. As of December 31, 2020 and 2019, the balance of the vehicle loans payable was \$9,948 and \$21,127, respectively.

Scheduled future principal payments on all long-term debt, including mortgage and vehicle payables are as follows:

For the Year Ended	
<u>December 31,</u>	
2021	\$ 109,302
2022	103,983
2023	108,827
2024	113,798
2025	119,200
2026-2030	<u>559,416</u>
	1,114,526
Less: issuance costs	<u>(69,773)</u>
	<u>\$ 1,044,753</u>

**(8) Paycheck Protection Program**

On April 23, 2020, the Agency received loan proceeds in the amount of \$3,696,595 pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which was enacted on March 27, 2020. The loan and accrued interest are forgivable after periods of eight weeks or twenty-four weeks as long as the borrower uses the proceeds for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels. In accordance with U.S. generally accepted accounting principles, the Agency has opted to account for its PPP loan as an in-substance government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. Conditions include initial eligibility and forgiveness criteria, which involve incurring eligible costs and maintaining certain employment and salary thresholds. Measurable barriers include the review and approval of the forgiveness application.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

The Agency intends to use the proceeds for purposes consistent with the PPP, believes its use of the funds will meet the conditions for forgiveness of the loan and that final approval of the forgiveness application will not be a barrier but a substantive administrative process. The Agency believes all conditions and barriers will be met during the fiscal year ending December 31, 2021. Accordingly, the PPP funds have been reflected as a deferred income liability in the Consolidated Statements of Financial Position as of December 31, 2020.

**(9) With donor restrictions**

Net assets with donor restrictions are available for or relate to capital asset purchases. The donor restricted funds are kept within a separate bank account and are used accordingly.

**(10) Commitments and contingencies:**

Contract funding considerations

Reimbursement contracts are often subject to audit by applicable granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if any audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying consolidated financial statements. Management is of the opinion that any potential disallowances will not be material to the accompanying consolidated financial statements.

Reimbursement of expenditures

Contracts, grants and fees applicable to program and community services are reported in the year earned at net realizable amounts for services rendered under contracts and reimbursement agreements. Certain contracts and grants provide for reimbursement rates that are subject to potential changes based on periodic reviews by the funding agencies. Such rates are either adjusted prospectively through future reimbursement rates or are adjusted retroactively. Prospective rate adjustments are generally insignificant and are reflected in the revenues of the future periods based on when the adjusted reimbursement rates are determined. Retroactive rate adjustments are recorded as adjustments to revenues in the period that the amounts are determinable and are reasonably measurable.

Some of the Agency's contracts and grants do not provide for rate adjustments although they may be subject to audits. It has been the experience of the Agency that adjustments as a result of audits have been insignificant. Management of the Agency is not aware of any potential material liabilities as of December 31, 2020 resulting from any audits.

As of December 31, 2020 and 2019, the Agency recorded unearned revenue for grants in the amount of \$1,912,111 and \$1,710,317, respectively, for potential disallowed claims for reimbursement. Disallowed claims arise principally due to amounts claimed in excess of final amounts reconciled on the Consolidated Fiscal Report ("CFR"). It is the opinion of management that disallowances, if any, in excess of amount recorded for unearned revenue would not have a material effect on the combined financial position of the Agency.

As of December 31, 2020 and 2019, the Agency recorded amounts due to governments in the amount of \$1,630,223 and \$1,705,872, respectively, for contract amounts received in excess of expenditures.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

Operating leases

The Agency, as part of the Residential Services Program, leases several apartments, with lease terms generally for one or two year periods. Residents of the program are responsible for a portion of the minimum annual rental. The space minimum annual rental has not been reduced by the residents' portion because of the variability in occupancy levels and reimbursement rates.

In March 1998, the Agency, as part of its Residential Services Program, entered into a lease with DASNY for use of space in Building 71 of the Pilgrim Psychiatric Center located in Brentwood, NY. The modified term of the lease is currently April 1, 2001 to March 31, 2031 for an annual rental amount of \$162,624. The rental payments associated with this building are reimbursed to the Agency as a direct pass-through. These funds are paid, on behalf of the Agency, directly to the DASNY by OMH.

In December 2015, the Agency entered into a 10 year lease with 55 Ames Court LLC for use of the space to provide outpatient treatment services. The agreement expires in 2026 with annual rent expense escalations of 3% each year. The Agency is responsible for utilities and maintenance.

On August 1, 2017, the Agency entered into a 2 year lease agreement with 245 Newtown Road LLC for use of space to provide administrative office space for the Residential Services Program. The agreement expires on September 30, 2021 with annual rent escalations of 3% each year. The Agency is responsible for utilities and maintenance.

Future minimum annual lease payments for all leases are summarized as follows:

	For the Year Ended December 31,	
	<u>2021</u>	\$ 475,462
	2022	393,995
	2023	377,035
	2024	296,802
	2025	<u>305,707</u>
		<u>\$ 1,849,001</u>

Rent expense amounted to \$2,978,249 and \$3,114,612 for the years ended December 31, 2020 and 2019, respectively.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 has impacted various parts of its 2020 operations and financial results. Management believes the Agency is taking appropriate actions to mitigate the negative impact. In connection therewith, the Agency applied for and received grants from various agencies. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

**(11) Pension and retirement plans:**

403(b) Plan

The Agency has a 403(b) Thrift Plan (the "Thrift Plan") for eligible non-union employees. Non-union employees may elect to defer compensation and make voluntary contributions to the plan. Voluntary contributions to the Thrift Plan amounted to approximately \$98,000 and \$77,000 for the years ended December 31, 2020 and 2019, respectively. The Agency may make discretionary contributions to the plan each year, however no discretionary contributions were made to the Thrift Plan for each of the years ended December 31, 2020 and 2019.

Certain eligible non-union employees are given a set fringe rate as part of their compensation package to be used for health benefit or retirement purposes at their election. Any unspent fringe benefits are contributed to the employee's 403(b) Thrift Plan account. Fringe benefits which were contributed to the Thrift Plan amounted to approximately \$412,000 and \$447,000 for the years ended December 31, 2020 and 2019, respectively.

457(b) Plan

The Agency provides a defined contribution retirement plan under Section 457(b) (the "457(b) Plan") of the IRC. The 457(b) Plan became effective on December 1, 2008. The 457(b) Plan is available for the benefit of a select group of highly compensated management employees. The 457(b) Plan allows eligible employees to contribute up to the lesser of 100% of their salary for the year or the applicable dollar amount for a year as set by the Internal Revenue Service. There are no matching contributions. Employee contributions are remitted to an insurance company and are used to purchase annuities and other investments. For the years ended December 31, 2020 and 2019, contributions to the 457(b) Plan amounted to approximately \$65,000 and \$61,000, respectively.

Multi-employer defined benefit pension plan

The Agency contributes to a multi-employer defined benefit pension plan (the "Plan") under the terms of a collective bargaining agreement that covers its union represented employees. The risk of participating in a multi-employer plan is different from a single-employer plan in the following aspects:

- Assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the participating employers.
- If the Agency chooses to stop participating in the multi-employer plan, the Agency may be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

---

The Agency’s participation in the Plan for the year ended December 31, 2020, is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three-digit plan number. The next column lists the expiration date of the collective-bargaining agreement to which the Plan is subject. Unless otherwise noted, the most recent Pension Protection Act (“PPA”) zone status available in 2020 and 2019 is for the Plan’s year end at December 31, 2020 and 2019, respectively. The zone status is based on information that the Agency received from the Plan and is certified by the plan’s actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan (“FIP”) or a rehabilitation plan (“RP”) is either pending or has been implemented.

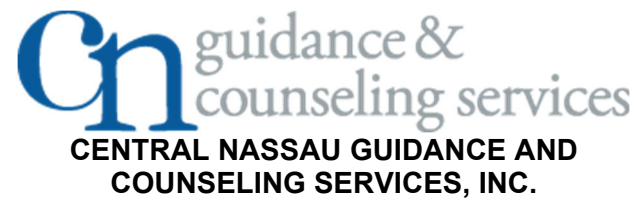
EIN/Pension Plan Number	Expiration Date of Collective Bargaining Agreement	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Contributions To the Plan	
		2020	2019			2020	2019
13-3604862-001	10/31/2017	Green	Green	No	No	<u>\$ 64,725</u>	<u>\$ 61,359</u>

**(12) Concentrations of credit risk**

The Agency maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**(13) Subsequent events**

The Agency has evaluated subsequent events through May 12, 2021, which is the date the financial statements were available to be issued, noting no matters requiring financial statement disclosure.



**THE UNIFORM GUIDANCE  
SUPPLEMENTARY FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
THE UNIFORM GUIDANCE  
SUPPLEMENTARY FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**INDEX**

	<b><u>Page</u></b>
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance For Its Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and the Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings	8

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED FOR THE YEAR ENDED FOR THE YEAR ENDED FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Federal Grantor/ Pass-Through Grantor/ Cluster Title/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<u>Direct Programs:</u>			
Continuum of Care Program - Suffolk	14.267	NY0737L2T031708	\$ 47,494
Shelter Plus Care	14.238	NY0524L2T031710	23,238
Total Direct Programs			<u>70,732</u>
<u>Passed-through Program from:</u>			
Nassau County Office of Community Development: Community Development Block Grant	14.218	CQHI19000036	<u>38,344</u>
Total U.S. Department of Housing and Urban Development			<u>109,076</u>
<b><u>Federal Communications Commission</u></b>			
<u>Direct Program:</u>			
COVID-19 Telehealth Program	32.006	N/A	<u>490,167</u>
<b><u>U.S. Department of Agriculture</u></b>			
<u>Passed-through Program from:</u>			
New York State Department of Mental Health: Child and Adult Care Food Program	10.558	4116	<u>12,237</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<u>Direct Programs:</u>			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90FM007204	591,135
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90FM007205	189,842
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	15SM62238A	97,660
Drug-Free Communities Support Program	93.276	16SP21578A	157,444
Substance Abuse and Mental Health Services - Projects of Regional and National Significance - Mental Health Awareness	93.243	18SM80985A	109,609
Substance Abuse and Mental Health Services - Projects of Regional and National Significance - Mental Health Awareness	93.243	6H79TI081718-02	93,597
Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	1H79FG000372-01	165,442
Programs to Improve Community Mental Health Services	93.829	1H79SM083126-01	<u>1,133,752</u>
Total Direct Programs			<u>2,538,481</u>
<u>Passed-through Programs from:</u>			
New York State Department of Mental Health: Opioid STR	93.788	Various	930,698
Medical Assistance Program	93.778	C34564GG	<u>618,333</u>
Total U.S. Department of Health and Human Services			<u>4,087,512</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 4,698,992</u></u>

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by Central Nassau Guidance and Counseling Services, Inc. (the "Agency"), a nonprofit entity as defined in Note 1 to the Agency's financial statements. Federal awards received directly from Federal agencies, as well as federal awards passed-through from other government agencies, are included on the Schedule of Expenditures of Federal Awards. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, change in net assets or cash flows of the Agency.

**(2) Summary of Accounting Policies:**

**Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the general purpose financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Disallowances/adjustments**

Negative amounts shown on the Schedule of Expenditures of Federal Awards (when applicable) represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source of the data presented. Under the Uniform Guidance, absent to an agreed upon indirect cost rate, the Agency must elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Matching Costs**

Matching costs (i.e. the Agency's share of certain program costs) are not included in the reported expenditures.

**(3) Major Program Determination**

The Agency has determined that all federal programs with expenditures of \$750,000 or more are Type A Programs and deemed Major Programs for purposes of the Schedule of Expenditures of Federal Awards.



**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE**  
**AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Central Nassau Guidance and  
Counseling Services, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Nassau Guidance and Counseling Services, Inc. (the "Agency"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated May 12, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

# NawrockiSmith

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York  
May 12, 2021

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.



**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors of  
Central Nassau Guidance and  
Counseling Services, Inc.:

***Report on Compliance for Its Major Federal Program***

We have audited the Central Nassau Guidance and Counseling Services, Inc.'s (the "Agency", a nonprofit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended December 31, 2020. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

***Opinion on Its Major Federal Program***

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

# NawrockiSmith

## ***Report on Internal Control Over Compliance***

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## ***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the Agency as of and for the year ended December 31, 2020, and have issued our report thereon dated May 12, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Melville, New York  
September 13, 2021 (except as to schedule of expenditures  
of federal awards, which is as of May 12, 2021)



**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit of the financial statements.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program expresses an unmodified opinion.
6. No audit findings relative to the major federal award program for Central Nassau Guidance and Counseling Services, Inc., that are required to be reported in accordance with 2 CFR 200.16(a) of the Uniform Guidance, were disclosed during the audit.
7. The program tested as a major program was as follows:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.829	<u>U.S. Department of Health and Human Services</u> Programs to Improve Community Mental Health Services

8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None reported.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None reported.

**CENTRAL NASSAU GUIDANCE AND COUNSELING SERVICES, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

---

NOTE: There were no audit findings in the prior year's audit Schedule of Findings and Questioned Costs relative to federal awards.